

Senate Study Bill 3199 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act allowing school districts to use an income surtax to
2 raise cash reserves in addition to or instead of property
3 taxes and including effective date and applicability
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.31, subsection 15, Code Supplement
2 2009, is amended to read as follows:

3 15. Annually the school budget review committee shall
4 review the amount of property tax levied, and income surtax
5 collected, if applicable, by each school district for the cash
6 reserve authorized in section 298.10. If in the committee's
7 judgment, the amount of a district's cash reserve levy is
8 unreasonably high, the committee shall instruct the director
9 of the department of management to reduce that district's tax
10 levy computed under section 257.4 for the following budget year
11 by the amount the cash reserve levy is deemed excessive. A
12 reduction in a district's property tax levy for a budget year
13 under this subsection does not affect the district's authorized
14 budget.

15 Sec. 2. Section 298.10, Code Supplement 2009, is amended to
16 read as follows:

17 **298.10 Levy for cash reserve.**

18 1. The board of directors of a school district may certify
19 ~~for levy~~ by April 15 of a school year, a cash reserve levy
20 consisting of a tax on all taxable property in the school
21 district, an income surtax, or a combination of property tax
22 and income surtax in order to raise an amount for a necessary
23 cash reserve for a school district's general fund. The amount
24 raised for a necessary cash reserve does not increase a school
25 district's authorized expenditures as defined in section 257.7.

26 2. For fiscal years beginning on or after July 1, 2012, the
27 cash reserve levy for a budget year shall not exceed twenty
28 percent of the general fund expenditures for the year previous
29 to the base year minus the general fund unexpended fund balance
30 for the year previous to the base year.

31 3. The income surtax, if an income surtax is imposed, shall
32 be imposed, collected, and paid to the school district in
33 the manner provided for the instructional support program in
34 sections 257.21 through 257.26. The income surtax portion of
35 the cash reserve levy is subject to the limitation in section

1 298.14.

2 Sec. 3. Section 298.14, Code 2009, is amended to read as
3 follows:

4 **298.14 School district income surtaxes.**

5 1. For each fiscal year, the cumulative total of the
6 percents of surtax approved by the board of directors of a
7 school district and collected by the department of revenue
8 under sections 257.21, 257.29, ~~and 298.2~~, and 298.10, and
9 the enrichment surtax under section 442.15, Code 1989, and
10 an income surtax collected by a political subdivision under
11 chapter 422D, shall not exceed twenty percent.

12 2. A school district income surtax fund is created in the
13 office of treasurer of state. Income surtaxes collected by the
14 department of revenue under sections 257.21, 257.29, ~~and 298.2~~,
15 and 298.10, and section 442.15, Code 1989, shall be deposited
16 in the school district income surtax fund to the credit of each
17 school district. A separate accounting of each surtax, by
18 school district, shall be maintained.

19 3. The director of the department of administrative
20 services shall draw warrants in payment of the surtaxes
21 collected in each school district. Warrants shall be payable
22 in two installments to be paid on approximately the first day
23 of December and the first day of February following collection
24 of the taxes and shall be delivered to the respective school
25 districts.

26 Sec. 4. EFFECTIVE UPON ENACTMENT AND APPLICABILITY. This
27 Act, being deemed of immediate importance, takes effect upon
28 enactment and applies to school budget years beginning on or
29 after July 1, 2010.

30 EXPLANATION

31 This bill allows school districts to use an income surtax
32 to raise cash reserves in addition to or instead of property
33 taxes.

34 The bill provides that the cash reserve income surtax
35 shall be collected and imposed in the same manner as the

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1 instructional support income surtax. The income surtax
2 portion of the cash reserve levy is added to the list of income
3 surtaxes available to a school district's board of directors,
4 the percentages of which, collectively, cannot exceed 20
5 percent.

6 The bill is effective upon enactment and applies to school
7 budget years beginning on or after July 1, 2010.